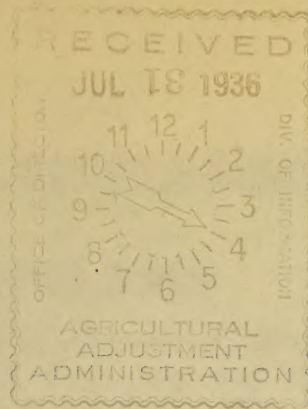


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Washington

July 31, 1936

A REVIEW OF BUSINESS CONDITIONS
Confidential

Agricultural-Industrial Relations Section
A.A.A.

A REVIEW OF BUSINESS CONDITIONS

From April to June inclusive, according to estimates of this Section, a monthly breakdown of the annual labor income estimates of the Department of Commerce from National Income have been completed and estimates made covering the first six months of this year. The results are shown: Farm cash income of \$721,000,000 (adjusted for seasonal and including benefits) for June of this year was the highest for any month since June 1930, a period of six years. The gain of \$180,000,000 over last year amounting to 35 percent, was the largest year to year gain since July 1933, and represented a recovery of 129 percent from the depression low of \$315,000,000 in February 1933. Farm cash income (adjusted for seasonal) for the first half of 1936 was 10 percent above last year, and the highest for any corresponding period since 1930.

Price strength, induced by the 1936 drought, which resulted in heavy marketings of grains, was in part responsible for the unusually large increase in June, though improving consumer income, permitting sustained prices for meats despite heavy marketings, was also an important factor. Farm income for future months will be cut by drought damage in some sections, but with urban income continuing to expand, price strength for farm and food products should more than balance any decrease in the total volume of marketings for the remainder of 1936.

The following table shows gross farm income from production and the balance remaining after mortgage interest, real estate taxes, and wages from 1929 to 1935 and an advance estimate for 1936.

(Million dollars)

	<u>Gross</u>	<u>Balance</u>
1929	11,941	9,627
1930	9,454	7,341
1931	6,968	5,194
1932	5,337	3,909
1933	6,406	5,191
1934	7,266	6,017
1935 (Prelim.)	8,110	6,839
1936 (Est.)	8,650(1)	7,310

(1) Very rough, based on expected change in consumer income.

Forced liquidation of cattle from drought areas has resulted in heavy market receipts in recent weeks but prices continue to hold well. Augmentation of current income through forced reduction of herds is not a desirable situation and might lead to lower farm returns later. However, if urban income continues to expand at a rate sufficient to fully offset higher living costs, farm income from livestock will be maintained despite reduced herds.

Labor income, a large portion of which flows quickly back into commercial channels, reached new recovery peaks successively each month

A REVIEW OF BUSINESS CONDITIONS

National Income

Farm cash income of \$721,000,000 (adjusted for seasonal and in-
cluding benefits) for June of this year was the highest for any month
since June 1930, a period of six years. The gain of \$180,000,000 over
last year amounting to 33 percent, was the largest year to year gain
since July 1935, and represented a recovery of 138 percent from the
depression low of \$541,000,000 in February 1932. Farm cash income
(adjusted for seasonal) for the first half of 1936 was 19 percent above
last year, and the highest for any corresponding period since 1930.

While strength, induced by the 1935 drought, which resulted in
heavy marketing of grain, was in part responsible for the unusually
large increase in June, though improving consumer income, permitting
sustained prices for many despite heavy marketing, was also an im-
portant factor. Farm income for future months will be cut by drought
damage in some sections, but with urban income continuing to expand,
price strength for farm and food products should more than balance any
decrease in the total volume of marketing for the remainder of 1936.

The following table shows gross farm income from production and
the balance remaining after mortgage interest, real estate taxes, and
wages from 1929 to 1935 and an advance estimate for 1936.

(Million dollars)		
Gross	Balance	
11,841	8,627	1929
9,484	7,841	1930
8,888	6,188	1931
8,387	5,809	1932
8,408	6,101	1933
7,883	6,017	1934
8,110	6,837	1935 (Prelim.)
8,650 (1)	7,310	1936 (Est.)

(1) Very rough, based on expected change in consumer income.

Forward liquidation of cattle from drought areas has continued
in heavy market receipts in recent weeks but prices continue to hold
well. Liquidation of surplus income through forced reduction of
herds is not a desirable situation and might lead to lower farm returns
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Labor Income

Labor income, a large portion of which flows quickly back into
commercial channels, reached new recovery peaks successively each month

from April to June inclusive, according to estimates of this Section. A monthly breakdown of the annual labor income estimates of the Department of Commerce from 1929-35 has just been completed and estimates made covering the first six months of this year. The results are shown on an accompanying chart, both with and without the addition of work relief and direct relief.

The following table also gives some labor income highlights of the 1929-36 period:

(Million dollars, adjusted for seasonal)

	August, 1929 (peak)	April, 1933 (bottom)	June 1935	June 1936
Regular Income	4,414	2,232	2,830	3,187
Work Relief	-----	9	106	204
Direct Relief	-----	35	83	42
Total	4,414	2,279	2,999	3,433

By June 1936 labor income had recovered 54 percent of the total loss between August 1929 and April 1933 but was still 22 percent under the post-depression peak. Assuming an increase in available laborers commensurate with the increase in total population, income per laborer was about 26 percent less in June 1936 than at the August 1929 peak month. Similarly, it was 48 percent higher in June than at the bottom of the depression. Owing to changes in living costs the fluctuations in buying power of labor income per available laborer are not this great. The June income had a buying power per available worker 32 percent higher than the April 1933 depression low and 9 percent less than at the August 1929 peak.

The current upward surge of labor income has the generally improving economic situation as a foundation and in addition is apparently aided considerably by bonus spending. Whatever may be assigned as the motivating force, this expansion in labor income furnishes the necessary purchasing power to support continued gains in trade and productive activity as well as in farm income.

Total Non-farm National Income

Total non-farm national income, (see chart) which reached a new recovery peak in May, expanded further in June. At 83.7 percent of the 1924-9 average non-farm income in June represented a purchasing power per person not living on farms about 3 percent below the 1924-9 average and more than 10 percent above June of last year. Thus a further gain of the size of that of the past twelve months would restore per capita purchasing power of the non-farm population to a better level than the 1924-9 average. Such comparisons as these offer an answer to the question of just how far recovery has actually proceeded since both changes in population and in living costs are considered. Here are some pertinent statistics on the subject.

from April to June inclusive, according to estimates of this section. A monthly breakdown of the annual labor income estimates of the Department of Commerce from 1929-33 has just been completed and estimates made covering the first six months of this year. The results are shown on an accompanying chart, both with and without the addition of work relief and direct relief.

The following table also gives some labor income highlights of the 1929-33 period:

(Million dollars, adjusted for seasonal)

	June 1933	April, 1933 (bottom)	August, 1933 (peak)
Regular income	2,820	2,820	4,414
Work Relief	108	8	---
Unemployment Relief	48	38	---
Total	2,976	2,866	4,414

By June 1933 labor income had recovered 55 percent of the total loss between August 1929 and April 1933 but was still 22 percent under the post-depression peak. Assuming an increase in available laborers commensurate with the increase in total population, income per laborer was about 22 percent less in June 1933 than at the August 1929 peak month. Similarly, it was 48 percent higher in June than at the bottom of the depression. Owing to changes in living costs the fluctuations in buying power of labor income per available laborer are not this great. The June income had a buying power per available worker 22 percent higher than the April 1933 depression low and 2 percent less than at the August 1929 peak.

The current upward surge of labor income has the generally improving economic situation as a foundation and in addition is apparently aided considerably by home spending. Whatever may be assigned as the motivating force, this expansion in labor income raises the necessary purchasing power to support continued gains in trade and productive activity as well as in farm income.

Total Non-Farm National Income

Total non-farm national income, (see chart) which reached a new recovery peak in May, expanded further in June. At 22.7 percent of the 1924-9 average non-farm income in June represented a purchasing power per person not living on farms about 8 percent below the 1924-9 average and more than 10 percent above June of last year. Thus a further gain of the size of that of the past twelve months would restore per capita purchasing power of the non-farm population to a better level than the 1924-9 average. Such comparisons as these offer an answer to the question of just how far recovery has actually proceeded since both changes in population and in living costs are considered. Here are some pertinent statistics on the subject.

pared with the March 1929 low of 81. The June index was only one point under the 1924-9 average of 100.

	National Income Ex. Agri.	Non-farm Popu- lation*	Income per Capita	Living Costs	Pur. Power of Per Capita Income
1929	107.4	105.2	102.0	99.0	103.0
1930	100.0	106.8	93.6	96.5	97.0
1931	85.3	107.7	79.2	88.2	89.8
1932	67.0	108.0	62.0	79.3	78.2
1933	62.8	108.5	57.9	75.4	76.8
1934	70.6	109.3	64.6	78.1	82.4
1935	74.8	110.2	67.8	80.2	84.5
June					
1935	73.8	110.2	67.0	80.1	83.6
1936	83.7	111.1	75.3	81.8	92.1

* Subject to revision when the Department of Agriculture adjusts its annual farm population series in line with the 1935 census; preliminary revisions were made by this Section.

From the June 1929 peak to the March 1933 bottom, per capita purchasing power of the non-farm population fell from 104.4 to 75.3 percent of the 1924-9 average, a drop of 30.6 points. Recovery from March 1933 to June of this year amounts to 18.3 points or 60 percent of the preceding decline. A further gain of 12.3 points, or 13.4 percent from the June 1936 level, would restore per capita non-farm purchasing power to the extreme pre-depression peak. If the 1924-9 period is taken as normal, recovery has then preceded to within 8 percent of normal. This disparity, though small as compared with the 1933 nadir, is still of depression proportions when compared with previous periods of economic distress. For instance, in November 1920 (the low month of non-farm purchasing power for the 1920-21 depression) per capita buying power of the non-farm population was only 12.3 percent below the January 1919 peak.

The reason for persistence of relatively low income is to be found largely in the heavy or capital goods industries. Income of the population dependent on the construction and capital goods manufacturing industries is still very low. However, improvement in these lines, especially in the heavy goods manufacturing industries and the residential buildings, has been persistent. Durable goods manufacture increased 49.5 percent over the June 1935 to June 1936 interval and construction contracts were up 60 percent. Only through restoration of better balance as between the various groups of industrial workers, involving continued gains in the laggard lines, can general improvement continue.

Industrial Production

Industrial production reached 103 percent of the 1925-5 average in June (Federal Reserve Board's seasonally adjusted index) as com-

	1935-1936	1934-1935	1933-1934	1932-1933	1931-1932
	Income	Income	Income	Income	Income
	per	per	per	per	per
	person	person	person	person	person
	1935	1934	1933	1932	1931
1935	107.4	108.2	108.0	107.4	107.4
1934	106.9	106.8	106.8	106.9	106.9
1933	106.8	107.7	107.3	106.8	106.8
1932	107.0	108.0	108.0	107.0	107.0
1931	106.8	106.8	106.8	106.8	106.8
1930	106.8	106.8	106.8	106.8	106.8
1929	106.8	106.8	106.8	106.8	106.8
1928	106.8	106.8	106.8	106.8	106.8
1927	106.8	106.8	106.8	106.8	106.8
1926	106.8	106.8	106.8	106.8	106.8
1925	106.8	106.8	106.8	106.8	106.8
1924	106.8	106.8	106.8	106.8	106.8
1923	106.8	106.8	106.8	106.8	106.8
1922	106.8	106.8	106.8	106.8	106.8
1921	106.8	106.8	106.8	106.8	106.8
1920	106.8	106.8	106.8	106.8	106.8
1919	106.8	106.8	106.8	106.8	106.8
1918	106.8	106.8	106.8	106.8	106.8
1917	106.8	106.8	106.8	106.8	106.8
1916	106.8	106.8	106.8	106.8	106.8
1915	106.8	106.8	106.8	106.8	106.8
1914	106.8	106.8	106.8	106.8	106.8
1913	106.8	106.8	106.8	106.8	106.8
1912	106.8	106.8	106.8	106.8	106.8
1911	106.8	106.8	106.8	106.8	106.8
1910	106.8	106.8	106.8	106.8	106.8
1909	106.8	106.8	106.8	106.8	106.8
1908	106.8	106.8	106.8	106.8	106.8
1907	106.8	106.8	106.8	106.8	106.8
1906	106.8	106.8	106.8	106.8	106.8
1905	106.8	106.8	106.8	106.8	106.8
1904	106.8	106.8	106.8	106.8	106.8
1903	106.8	106.8	106.8	106.8	106.8
1902	106.8	106.8	106.8	106.8	106.8
1901	106.8	106.8	106.8	106.8	106.8
1900	106.8	106.8	106.8	106.8	106.8

Subject to revision when the Department of Agriculture adjusts its annual farm population series in line with the 1935 census; preliminary revisions were made by this Section.

From the June 1935 peak to the March 1935 bottom, per capita purchasing power of the non-farm population fell from 104.4 to 98.8 percent of the 1929 average, a drop of 5.6 points. Recovery from March 1935 to June of this year amounted to 12.3 points or 60 percent of the preceding decline. A further gain of 12.3 points, or 12.4 percent from the June 1935 level, would restore per capita non-farm purchasing power to the extreme pre-depression peak. If the 1934-5 period is taken as normal, recovery has been preceded to within 5 percent of normal. This disparity, though small as compared with the 1935 level, is still of depression proportions when compared with pre-1930 periods of economic distress. For instance, in November 1930 (the low month of non-farm purchasing power for the 1930-31 depression) per capita buying power of the non-farm population was only 11.9 percent below the January 1919 peak.

The reason for persistence of relatively low income is to be found largely in the heavy or capital goods industries. Income of the population dependent on the construction and capital goods manufacturing industries is still very low. However, improvement in these lines, especially in the heavy goods manufacturing industries and residential building, has been persistent. Monthly goods manufacture increased 4.5 percent over the June 1935 to June 1936 interval and construction contracts were up 38 percent. Only through restoration of better balance as between the various groups of industrial output, involving continued gains in the latter lines, can general improvement continue.

Industrial Production

Industrial production reached 105 percent of the 1929-35 average in June (Federal Reserve Board's seasonally adjusted index) as com-

pared with the March 1936 low of 93. The June index was only one point under the December 1935 recovery peak of 104. A new high was apparently attained in July. The index contained in the confidential weekly review of the Department of Commerce to the Secretary averaged 3.6 percent higher for the first 18 days of July than in June. Business reports later in the month failed to denote any appreciable slackening in trade and production. Some business indexes did recede slightly after mid-July but steel mill operations, and automobile production, which have been recovery leaders for some time, have shown no signs of more than seasonal slackening.

The widespread character of both the year to year and month to month gains in recovery may be deduced from the following tabulation of Federal Reserve Board production indexes (1923-25=100) in various manufacturing industries and in construction:

	May 1936	June 1935	June 1936	Gain from last June Pct.
Iron and Steel	105	66	113	71
Textiles	100	100	107	7
Food Products	84	74	88	19
Autos	118	99	119	20
Leather and Shoes	111	104	104	--
Tobacco	145	138	147	7
Residential Building	32	24	36	50
Other Bldg. and Const.	57	36	58	61

Except for leather and shoes, where operations last year averaged 4.4 percent above 1929, gains were recorded in all manufacturing lines for which June indexes are available both as compared with 1935 and with the preceding month. The production of all durable manufactures increased 49.5 percent from June 1935 to June 1936 and production of the non-durable group advanced 7.2 percent. For further evidence of the general character of improvement, refer to the attached chart summarizing the business situation for the first half.

The Bonus Stimulant

Apparently bonus spending has played a considerable role in the high level of distribution and of production which has prevailed over the past two months. Some figures on the possible increase of spendable funds entailed by the bonus have been given previously. Now it is possible to present more specific data. During the month from June 15 to July 15 a total of \$1,064,300,000 in bonus bonds were cashed--an amount equivalent to 21 percent of total national income, estimated as just short of 5 billion dollars. Even if it is assumed that the buying from these funds is spread over a period of two months and that savings and debts together reduce the portion actually spent in

pared with the March 1933 low of 93. The June index was only one point under the December 1933 recovery peak of 104. A new high was apparently attained in July. The index contained in the confidential weekly review of the Department of Commerce for the week ending July 1, 1934, is percent higher for the first 15 days of July than in June. Business reports later in the month failed to denote any appreciable slackening in trade and production. Some business indexes did recede slightly after mid-July but steel mill operations, and automobile production, which have been recovery leaders for some time, have shown no signs of more than seasonal slackening.

The widespread character of both the year to year and month to month gains in recovery may be deduced from the following tabulation of Federal Reserve Board production indexes (1923-25=100) in various manufacturing industries and in construction:

	1933	1934	June 1934	Gain from last June 1934
Iron and Steel	105	88	113	71
Non-Ferrous Metals	100	100	107	7
Food Products	86	74	88	19
Textiles	112	98	119	30
Leather and Shoes	111	104	106	2
Tobacco	148	138	147	7
Chemical and Allied Products	82	84	88	39
Other Misc. and Const.	87	88	88	61

Except for leather and shoes, where operations last year averaged 4.4 percent above 1933, gains were recorded in all manufacturing lines for which June indexes are available both as compared with 1933 and with the preceding month. The production of all durable manufactures increased 49.8 percent from June 1933 to June 1934 and production of the non-durable group advanced 7.8 percent. For further evidence of the general character of improvement, refer to the attached report summarizing the business situation for the first half.

The Bonus Stimulus

Apparently bonus spending has played a considerable role in the high level of distribution and of production which has prevailed over the past two months. Some figures on the possible increase of spending funds entitled by the bonus have been given previously. Now it is possible to present more specific data. During the month from June 15 to July 15 a total of \$1,084,332,000 in bonus funds were awarded an amount equivalent to 61 percent of total national income, estimated as just short of \$2 billion dollars. Even if it is assumed that the buying from these funds is spread over a period of two months and that savings and debts together reduce the portion actually spent in

the market place by half, the stimulation to business would be considerable. The total amount available for spending would still be increased by 5 percent and, since no addition to ordinary living costs ensue, the amount available for products other than food and shelter would be increased by some 10 percent. Thus while no exact measure of the bonus effect on productive activity is possible, it appears that without this factor, little if any increase in production during June and July would have occurred.

Bonus checks cashed in the first month totaled about 4 times the relief expenditures for this period, including both direct and work relief. Relief money goes for absolute necessities, and its spending has but minor effect on the laggard, durable goods, industries.

The course of production thus far in 1936 has been fairly easy to anticipate (see summary paragraph in the January Review) but what is ahead for the next few months is not so clear. As the automobile industry slackens for new model changes during August and September, as steel plants reduce the backlog of business partially attributable to buying ahead of third quarter price advances, and possibly to threats of labor trouble, and the effects of bonus spending wear off, some slackening in production would not be surprising.

However, any let-down will likely prove temporary and, owing to the steady growth in consumer buying power, discussed above, should be of minor proportions. In short, we expect the trend of production to continue upward for the next 12 months except for minor and temporary recessions such as may well be developing right now.

Industrial Profits and Stock Prices

Strength in production and distribution is being translated into greatly increased corporate earnings and dividends. These better earnings and higher dividends are the principal forces working toward higher stock prices. The Dow-Jones industrial average has recently pushed through the previous high for the current bull market (see chart on production and prices) and at this writing is 74 percent above the March 1935 low. This gain is considerably greater than in productive activity and in dividends, but is not far out of line with the expansion in profits. Profits of corporations, of course, rise more rapidly percentagewise than gross income, after the break-even point is reached. The following table shows per share earnings for several leading industrial corporations engaged in various lines of business for the June quarters and for the first halves of this year and last:

	<u>June Quarter</u>		<u>Pot.</u>		<u>1st Half</u>		<u>Pot.</u>
	1935	1936	<u>Gain</u>		1935	1936	<u>Gain</u>
Gen. Motors Corp.	\$1.17	\$2.00	71	:	\$1.85	\$3.17	71
Chrysler Corp.	2.19	4.18	91	:	4.31	6.83	58
Packard Motors	0.10	0.15	50	:	0.02	0.23	--
Union Carbide & Co.	0.59	0.82	49	:	1.18	1.72	46
Du pont	0.85	2.06	142	:	1.74	3.27	82
Air Reduction	0.50	0.75	50	:	0.99	1.32	33
Beech Nut Packing	0.99	1.36	37	:	1.90	2.34	23
Fenick & Ford	0.56	0.82	46	:	1.29	1.67	45
United Fruit	0.79	1.44	82	:	1.56	2.35	51
U. S. Steel	0.81(d)	0.75	--	:	1.79(d)	0.42	--
Gen. Electric	0.21	0.33	57	:	0.40	0.58	45
Westinghouse Elec.	1.48	1.58	7	:	2.35	2.98	27
Johns Manville	0.56	1.56	179	:	0.71	1.62	128
Otis Elevator	0.02(d)	0.21	--	:	0.04(d)	0.37	--
Caterpillar Tractor	0.97	1.35	39	:	1.55	2.38	54

(d) Deficit.

These gains apparently approximate the March 1935-July 1936 rise in stock prices.* Though dividends have not been increased as fast as profits June Payments were about 18 percent ahead of 1935 and 45 percent above June 1933. The increase for industrial companies alone, during the past year, exceeded 25 percent.

Higher security prices, which accompany expanding business, not only engender additional confidence but the restoration of values is of utmost importance to financial institutions with important investment assets. Certainly the healthy state of business and expanding profits, not to mention low bank earnings, would appear to justify an increasingly liberal loaning attitude on the part of banks so that eventually excess reserves (recently reduced through action of the Federal Reserve Board) should become a potent influence in recovery. The increase of 50 percent in member bank reserve requirements is of no immediate consequence. The possibilities of credit expansion are still more than adequate for any prospective demand which can be foreseen.

The expanding rate of industrial operations contributes to increased consumer income both through higher wage payments and expanding dividends, and in addition, encourages more liberal consumer spending through restoration of capital values.

* Standard statistics, in a release issued after this was written, says that the first 109 industrial corporations to report for the June quarter had aggregate net profits 59 percent above the June 1935 quarter.

Prices and Living Costs

Wide fluctuations in prices of farm and food products have characterized movements during the past two months. Wholesale prices of farm products rose from 74.4 percent of the 1926 average in mid-May to 82.6 percent for the week of July 11th--a gain of 11 percent. Similarly, food prices rose from 77.4 to 81.8 during the same period--a gain of about 6 percent. From the week of June 27 to that of July 18 all commodities, except farm and food products, advanced from 76.8 to 79.4, to anew 1936 peak, the chemical and miscellaneous groups showing greatest strength. Wholesale price advances have been reflected in price gains at the farm as well as at retail. Farm prices jumped from 103 in May to 113 in July (1910-14=100), reaching the highest level since September 1930.

The reflection of higher farm and wholesale prices in the retail cost of foods is pictured on an accompanying chart. Food prices at retail (foods in the cost of living index) reached the highest point in June for any month of the recovery period. The advance from April to June amounted to 5.5 percent. This was the principal factor in the year to year rise of 2.1 percent in living costs to the highest point since February 1932.

Thus far improving prices have been reflected in higher cash income for farmers and yet have not lifted living costs sufficiently to prevent further gains in purchasing power of the non-farm population. In June, however, movements in urban income and in living costs were almost parallel. For continuation of the healthy condition evident in industry of late, as well as to assure the necessary demand and prevent a relapse in farm income, maintenance of a faster rate of gain in urban income than in living costs is needed.

Fig. of 1929-32 base

Competitive Agricultural Imports

In last month's review some conclusions were given concerning the amount of 1935 competitive imports which could not be attributed to general economic recovery. A more complete discussion has since appeared in the July "Agricultural Situation". Attached is one of the charts, illustrating the published discussion, to which has been added tentative extensions through 1936 of gross farm income and the value of industrial production.

Without attempting to predict the amount of competitive imports for 1936 it may be interesting to note that a gain to \$650,000,000 from \$489,000,000 last year, would restore the approximate 1929 relationship which existed as between such imports and the value of industrial production and gross farm income. Competitive agricultural imports, excluding sugar, totaled \$189,000,000 during the first four months of 1936, as compared with \$154,000,000 during the January-April 1935 period.

Agriculture's Contribution to Economic Recovery

Last year this Section made some estimates of agriculture's contribution to recovery by use of retail sales figures for rural and urban areas. By assuming percentage gains in urban and rural sales and in factory employment for the year 1935 equal to those of the first half, similar 1935 preliminary estimates of this nature have now been made. Estimates for 1929, permitting an approximation of the loss in factory jobs between 1929 and 1932 chargeable to reduced farm buying, have also been made. Inasmuch as these estimates are based on certain assumptions which need further study and are very tentative in character, they should be regarded as confidential. They follow: these amounts 13.5, 13.5 on

Factory Employees Dependent on Different Sources of Demand

(Thousands of factory employees, except percentages)

	<u>All Sources</u>	<u>Urban</u>	<u>Rural</u>	<u>Foreign</u>
1929	8,784	6,562	1,500	694
1932	5,375	4,352	767	274
1935 (Est.)	7,126	5,463	1,444	279
1929-32 loss	3,411	2,250	741	420
Pct. of Total	100	66	22	12
1932-5 gain	1,815	1,131	677	5
Pct. of Total	100	62.4	37.5	0.3
Pct. of 1929-32 loss				
cancelled by recovery	53	47	88	1

These estimates show that 37 of each 100 factory workers added to payrolls since 1932 were needed to supply the expanding farm market with goods and that the others were hired to make additional products for the urban trade. Originally we estimated that about 40 percent of the gain up to 1935 was due to improved agricultural conditions. This was revised to 38 percent when annual retail sales figures were released by the Department of Commerce. Since percentage gains in rural retail sales are no longer much greater than in urban areas, where the total volume is about four times as great, the percent contributed by agriculture toward recovery is gradually receding.

These estimates assume that an equivalent amount of labor is used in making a dollar's worth of goods for the rural and urban markets. Employment for the making of goods for export is figured by applying the percentage of manufactured goods exported, as estimated from Department of Commerce reports, to factory employment. The balance is then divided according to the percent of total retail sales estimated

BUSINESS INDICATORS

		June	May	June	June	June
	Key: 1933 (P)	1933(r)	1933	1933	1929	
Farm Income (with bene- fits) (1)	a :	\$ 721	\$ 673	\$ 542	\$ 597	\$ 800
Urban Income (with Relief) (1)	a :	\$4,639	\$4,562	\$4,091	\$3,442	\$5,998
Industrial Activity						
F.R.B. (1)	b :	103	101	86	91	125
Department Store Sales (1)	c :	80	79	72	61	102
Rural Retail Sales (1)	c :	90	91	80	52	100
Motor Vehicle Output (Units) (U.S. & Canada)	d :	471	481	377	257	567
New Passenger Car Regis- trations (Units)	d :	393(3)	397(4)	293(3)	160(3)	454(3)
Dollar Sales, New Passen- ger Autos (1)	c :	78	65	55	34	98
Steel Ingot Production (tons)	d :	3,985	4,046	2,259	2,564	4,903
Building Contracts (Hodge)	a :	\$ 233	\$ 216	\$ 148	\$ 102	\$ 550
Railway Carloadings (2)	d :	2,787	3,352	2,466	2,265	4,292
Electric Power production (K.W. Hr.) (2)	a :	1,993	1,943	1,729	1,545	1,704
Wholesale Prices, All Commodities	f :	115.7	114.8	116.5	94.9	139.0
Wholesale Prices, Farm	f :	109.6	105.5	109.8	74.6	144.9
Wholesale Prices, Food	f :	123.8	120.9	128.3	94.9	153.6
Wholesale Prices, Non-Agri.	f :	117.0	116.7	117.9	99.3	137.3
Prices Paid by Farmers	f :	123 (5)	120(6)	126(5)	107(5)	153(5)
Prices Received by Farmers	f :	115 (5)	107(6)	102(5)	83(5)	147(5)
Urban Cost of Living	g :	143.4	141.1	140.5	129.8	172.8
U.S. Unemployment, Trade Unions, (A.F. of L.)	c :	156	167	223	299	80
U.S. Employment, Mfg. Industries (B. L. S.)	c :	82.1	81.8	76.0	63.8	100.8
U.S. Exports	a :	\$ 185	\$ 201	\$ 170	\$ 120	\$ 393
U.S. Imports	a :	\$ 192	\$ 191	\$ 157	\$ 122	\$ 353

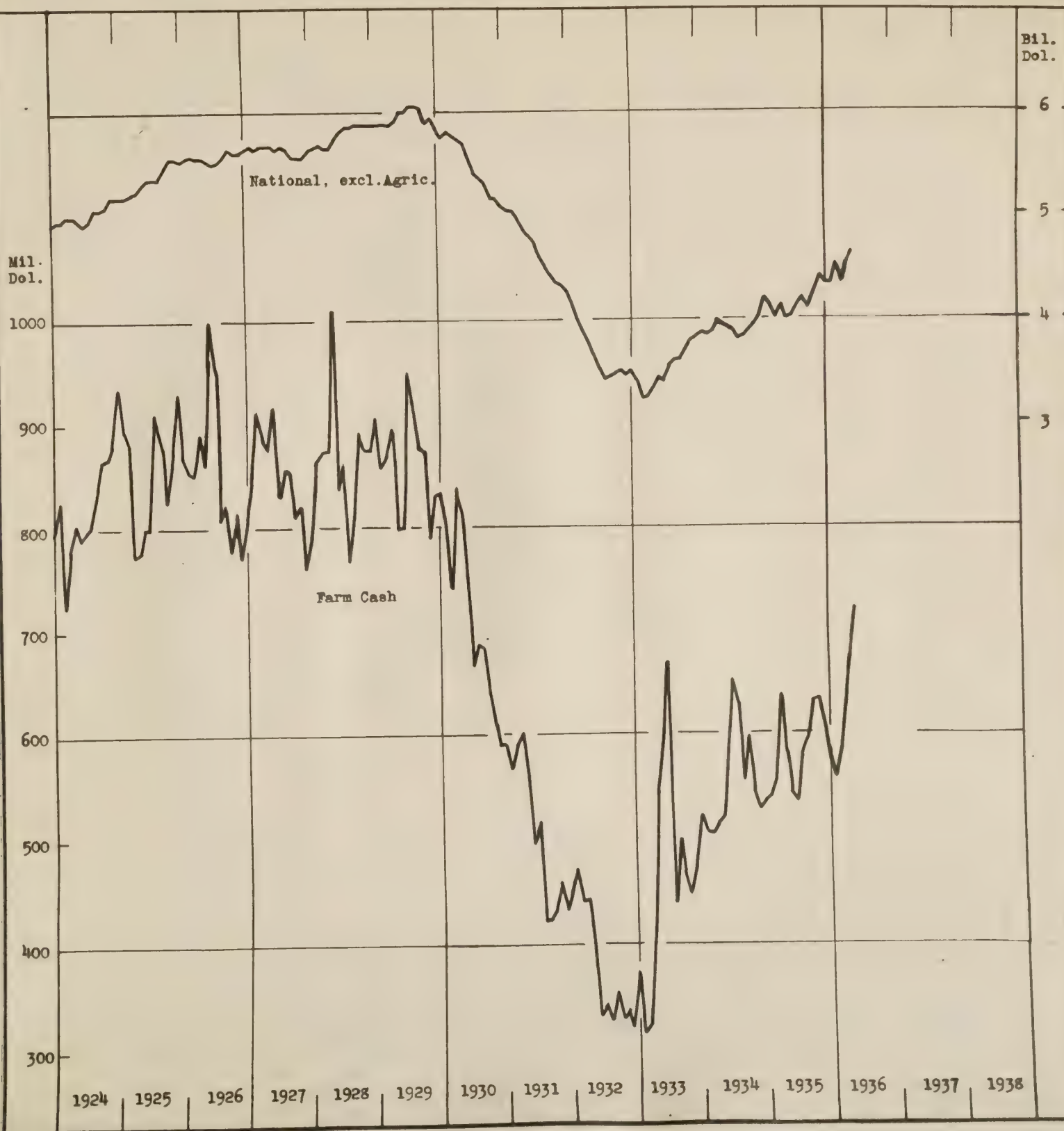
P. Preliminary

- (r) Revised
- (1) Adjusted for seasonal variation
- (2) Four weeks' average
- (3) May
- (4) April
- (5) July
- (6) June

KEY:

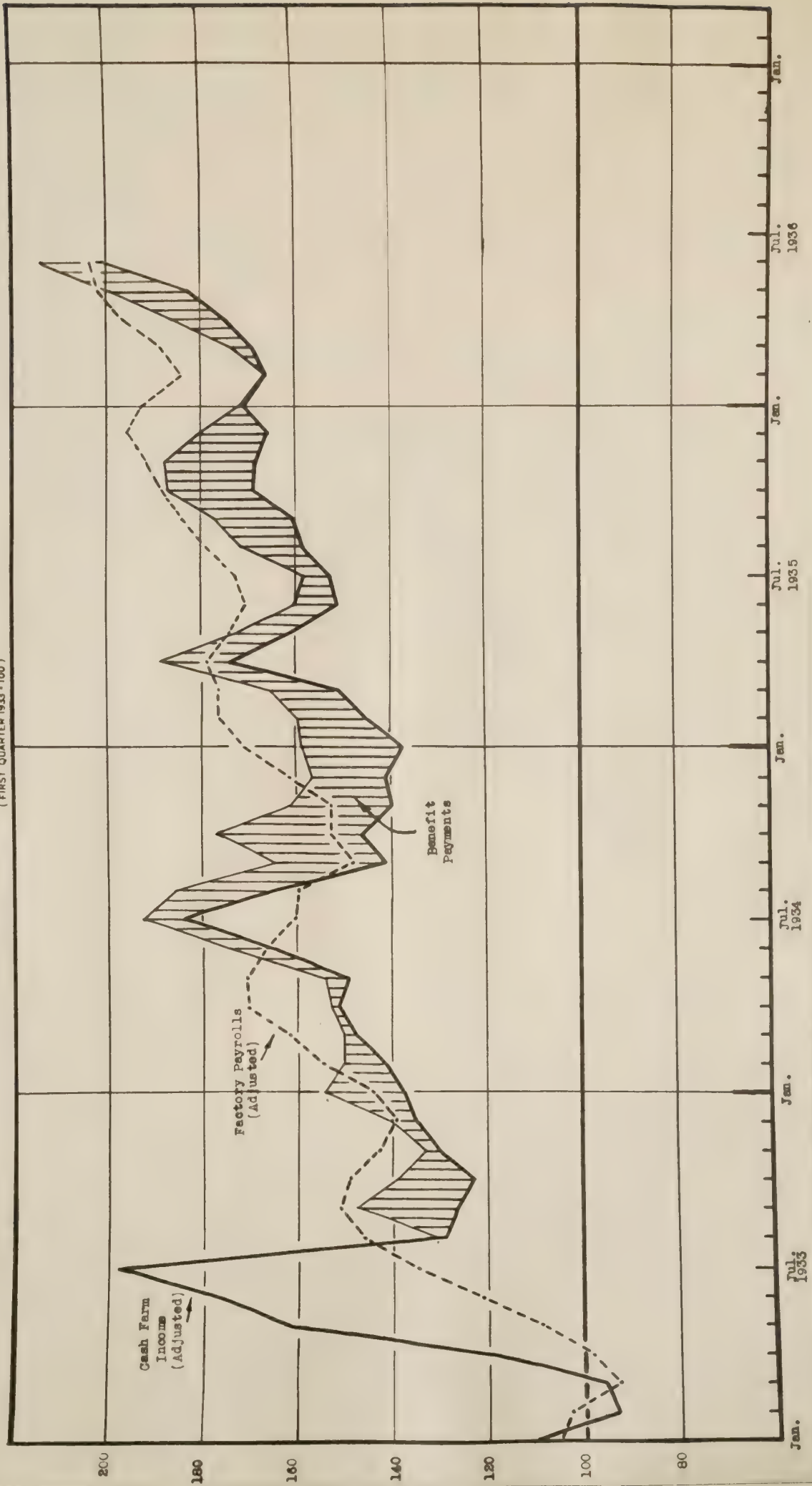
- a - in millions
- b - 1923-25=100
- c - 1929=100
- d - in thousands
- f - 1910-14=100
- g - 1910-14=100

NATIONAL INCOME, EXCLUSIVE OF AGRICULTURAL AND FARM CASH INCOME, 1924 TO DATE
(Dollar figures seasonally corrected)

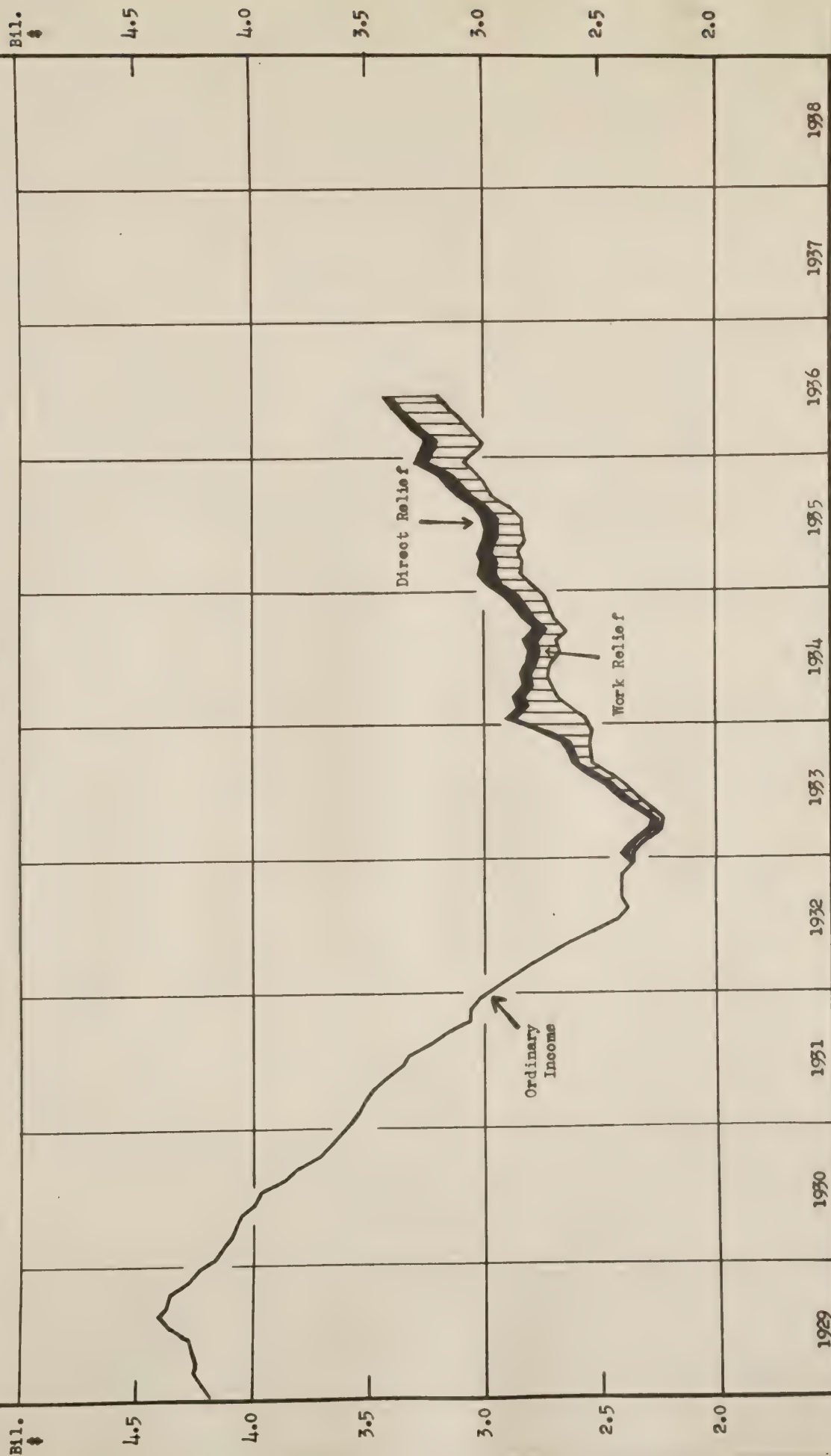


FARM INCOME AND FACTORY PAYROLLS SINCE JANUARY 1933

(FIRST QUARTER 1933 = 100)

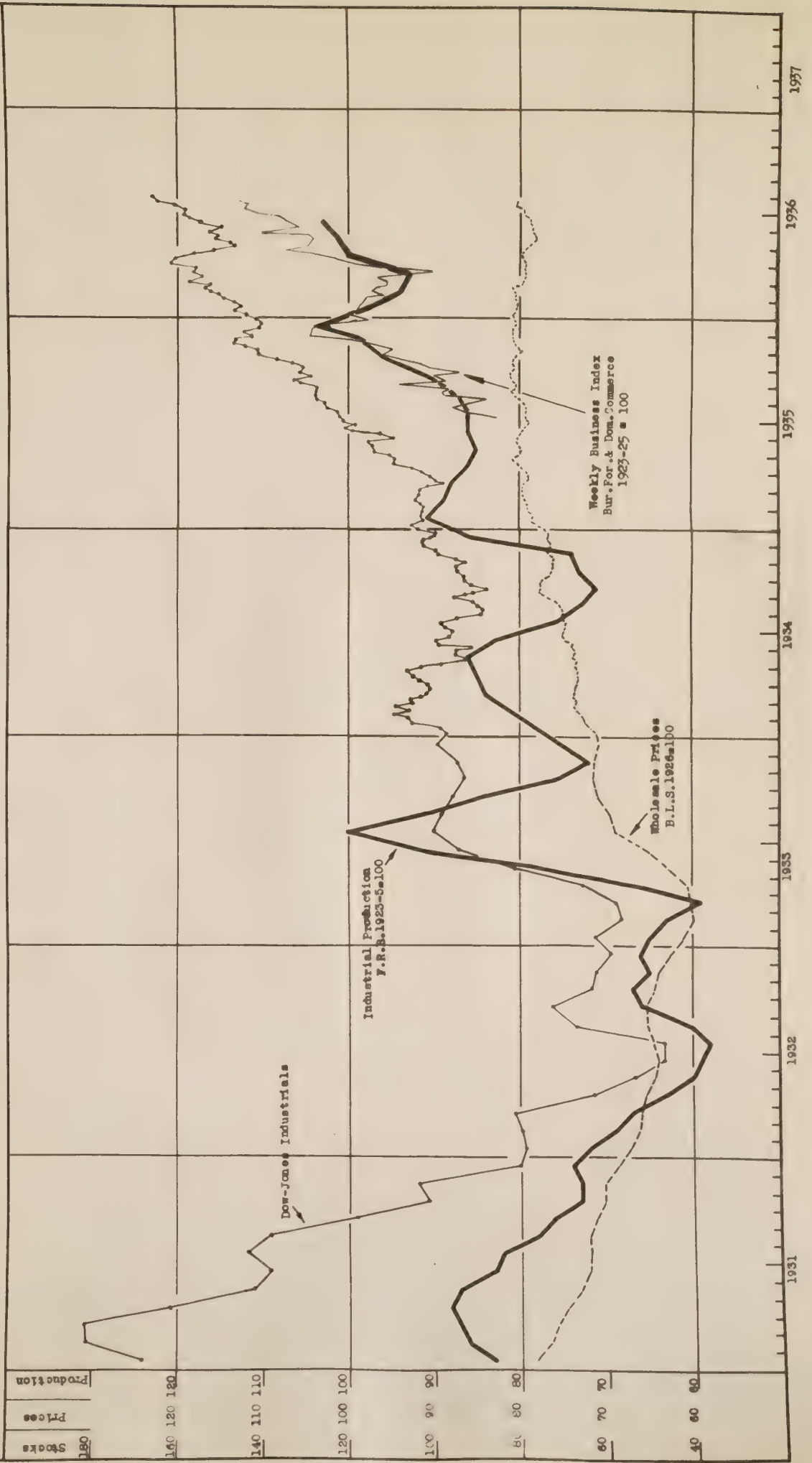


LABOR INCOME, 1929 TO DATE
(Billion Dollars)
Seasonally Corrected



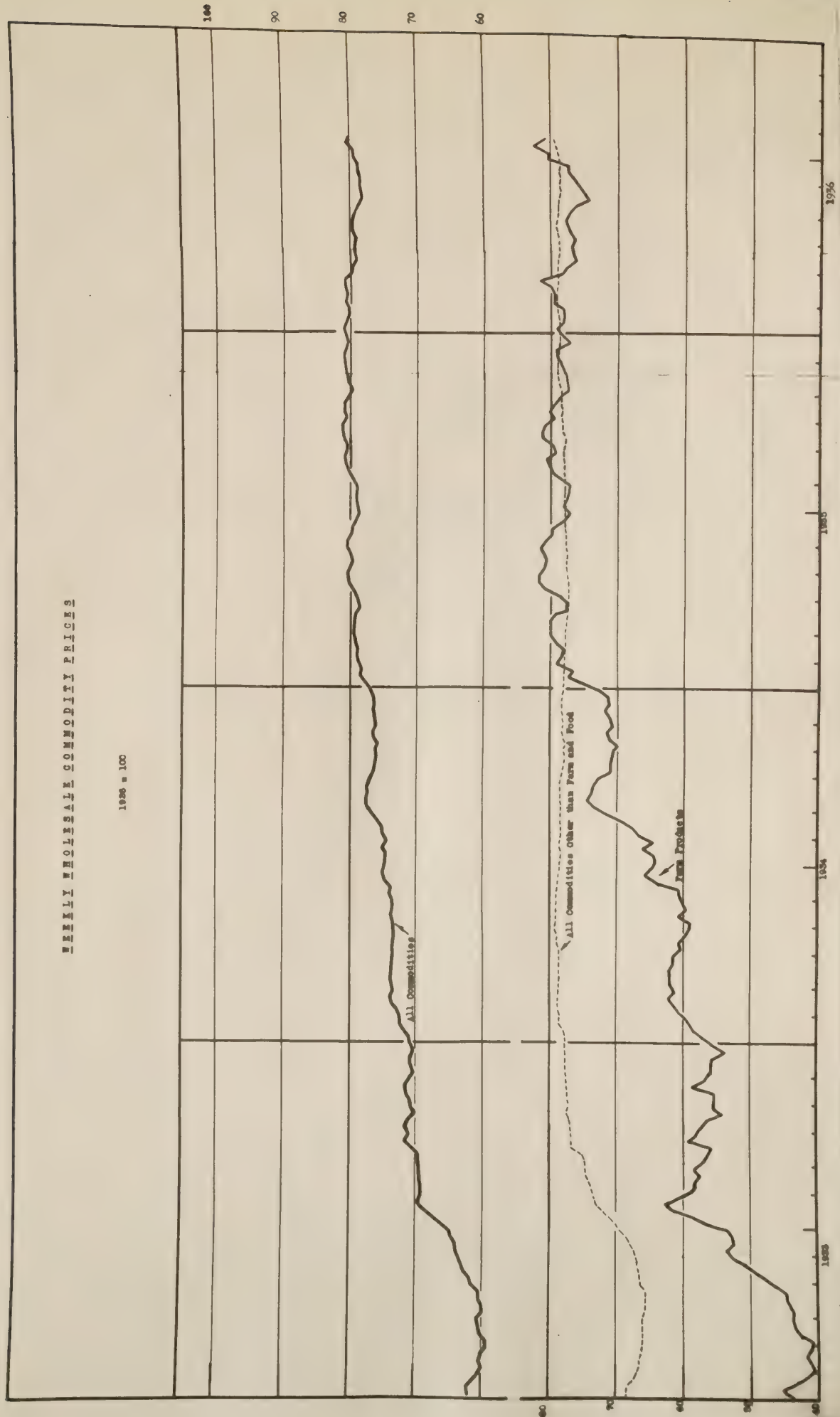
PRODUCTION AND PRICES

(Industrial Production, Stock and Commodity Prices)

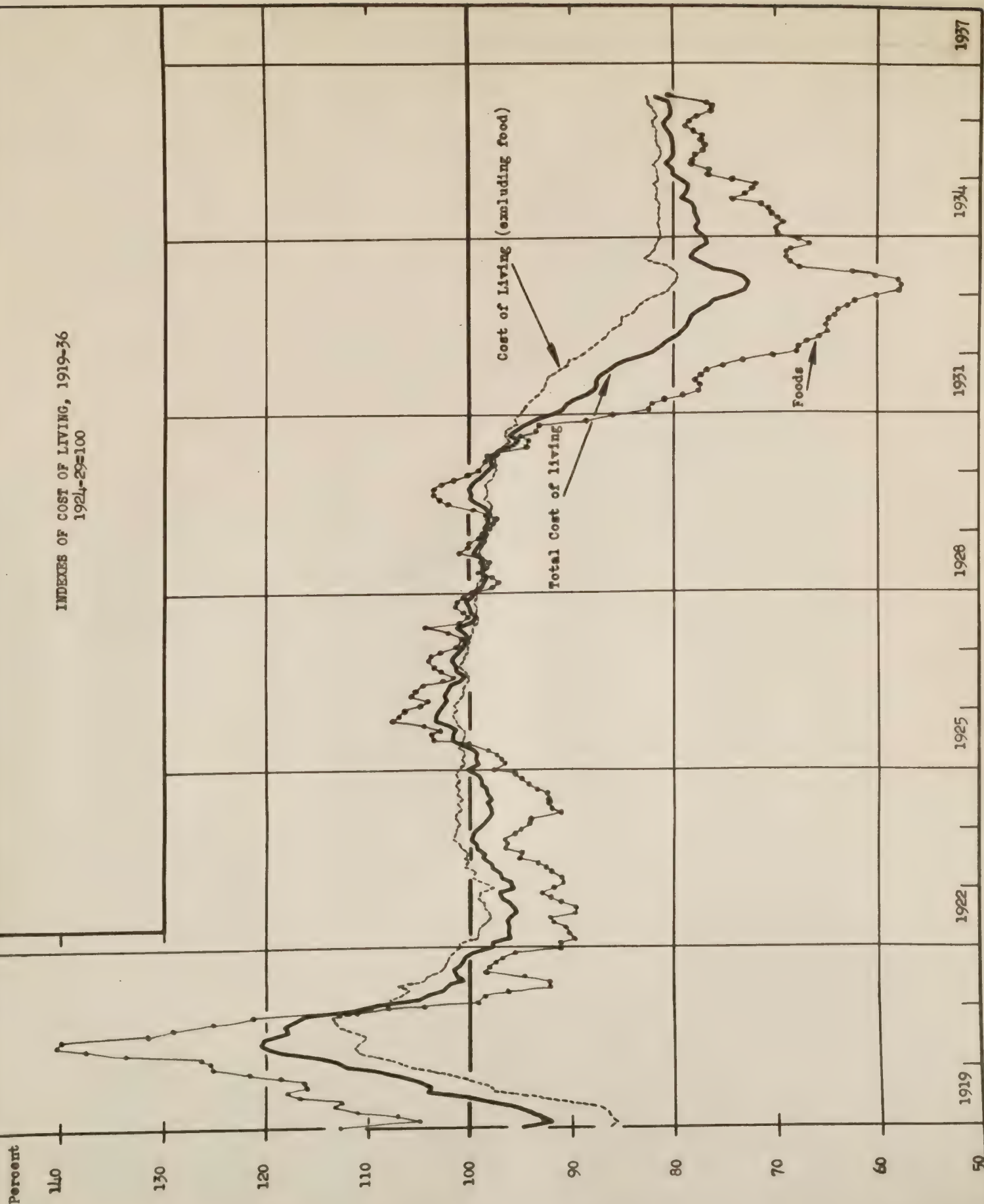


MONTHLY WHOLESALE COMMODITY PRICES

1926 = 100

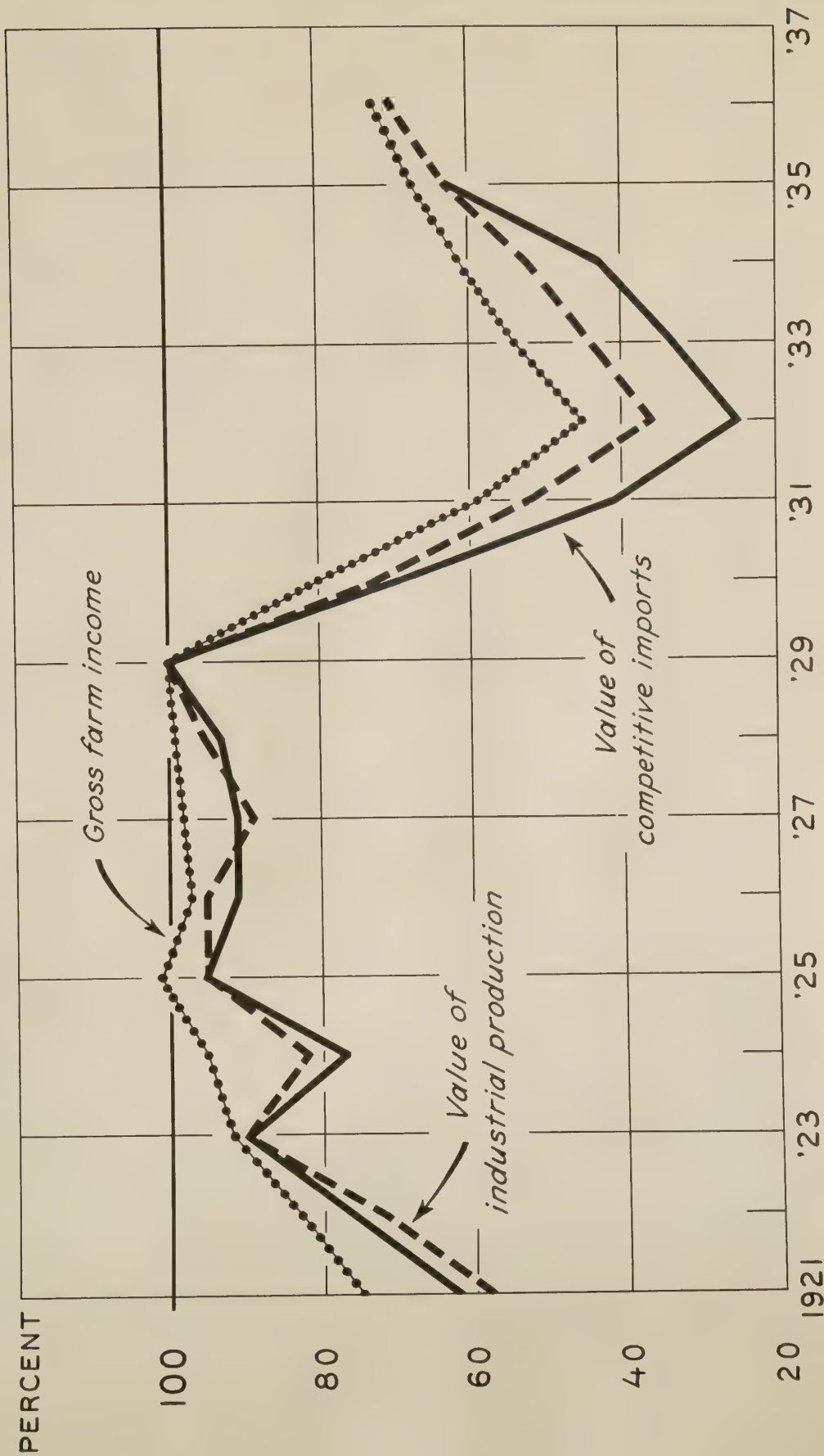


INDEXES OF COST OF LIVING, 1919-36
1924-29=100



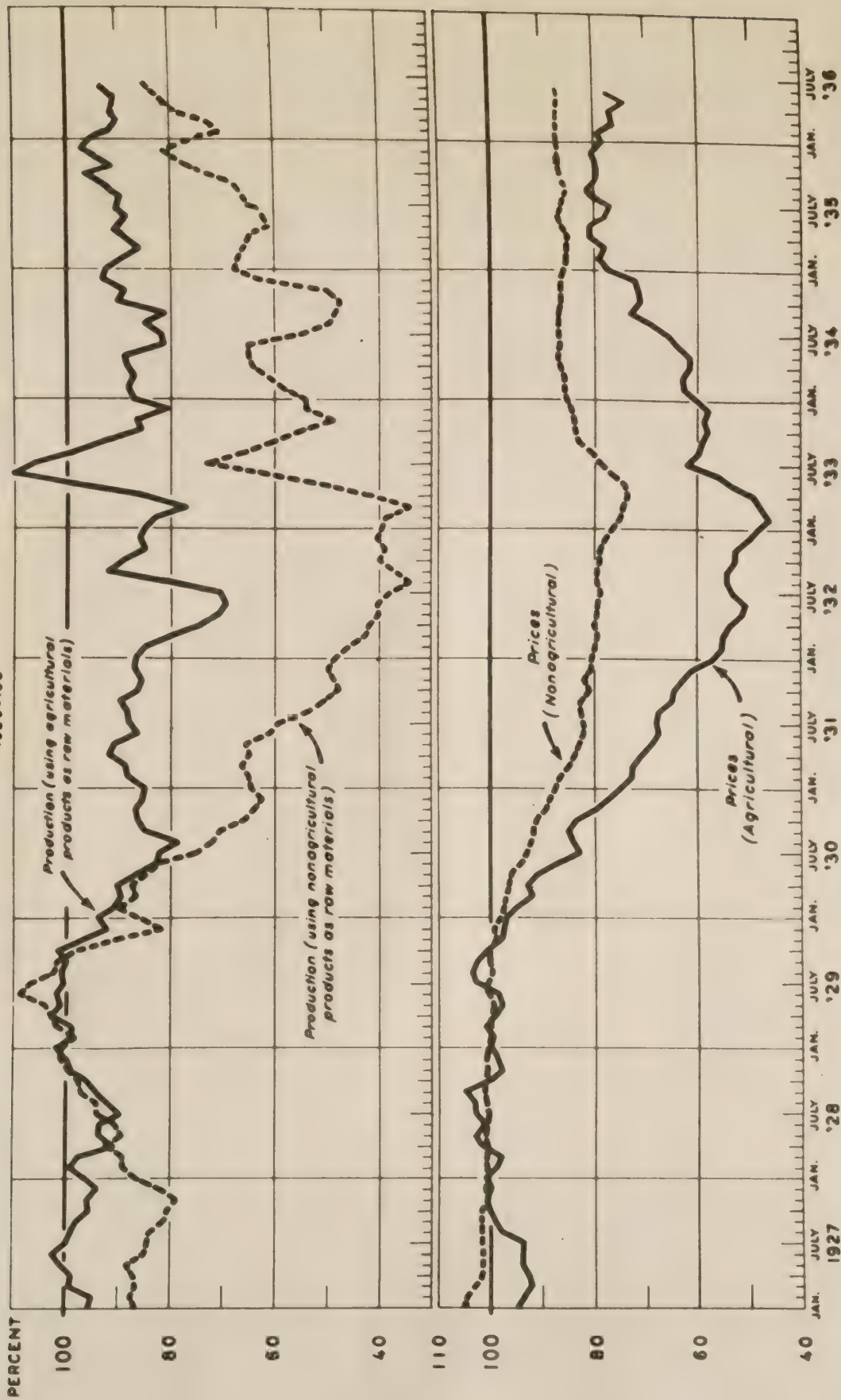
IMPORTS OF COMPETITIVE AGRICULTURAL PRODUCTS, VALUE OF INDUSTRIAL PRODUCTION, AND GROSS FARM INCOME, 1921-36

1929 = 100



MANUFACTURING OUTPUT AND WHOLESALE PRICES

1929=100

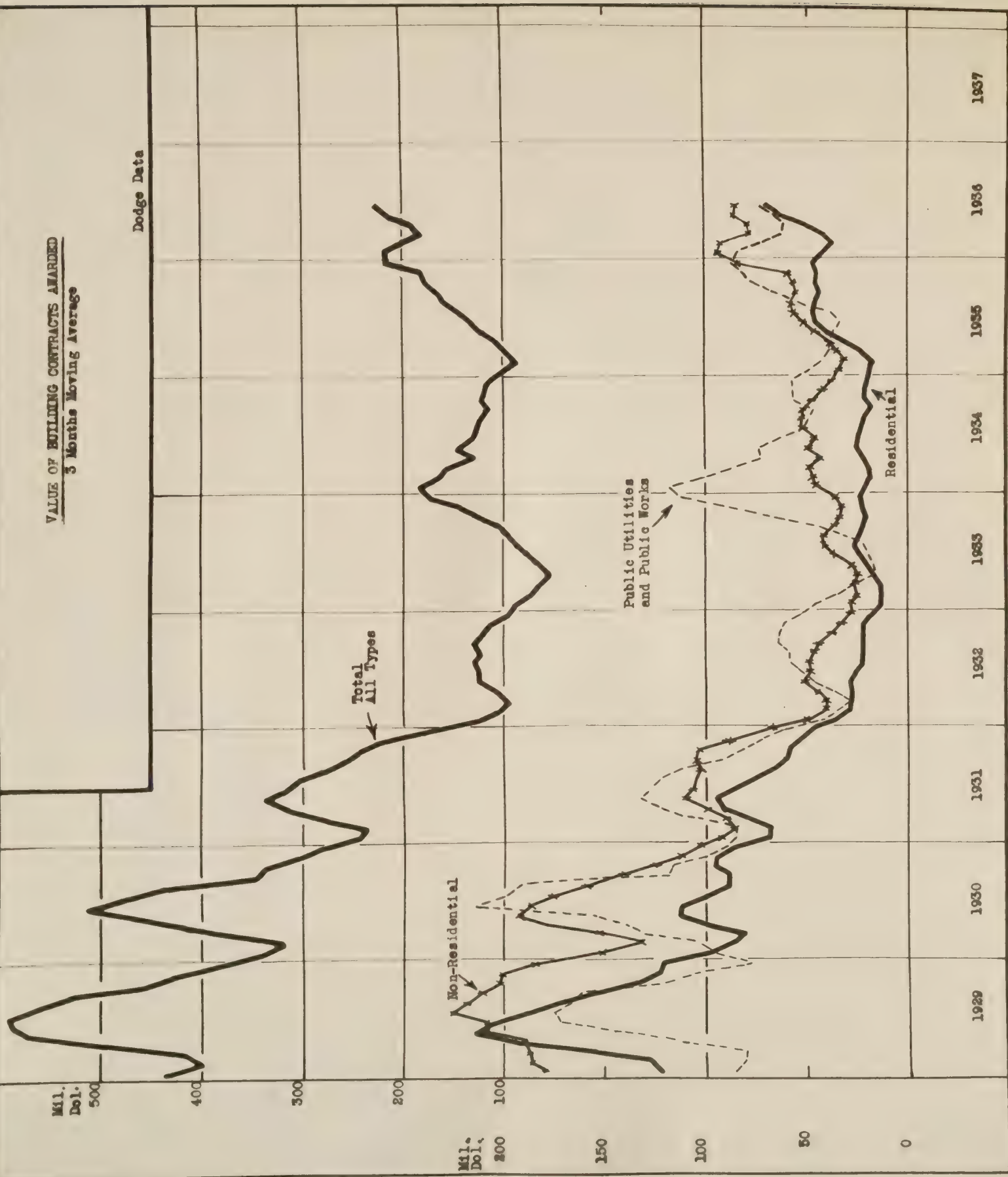


U. S. DEPARTMENT OF AGRICULTURE

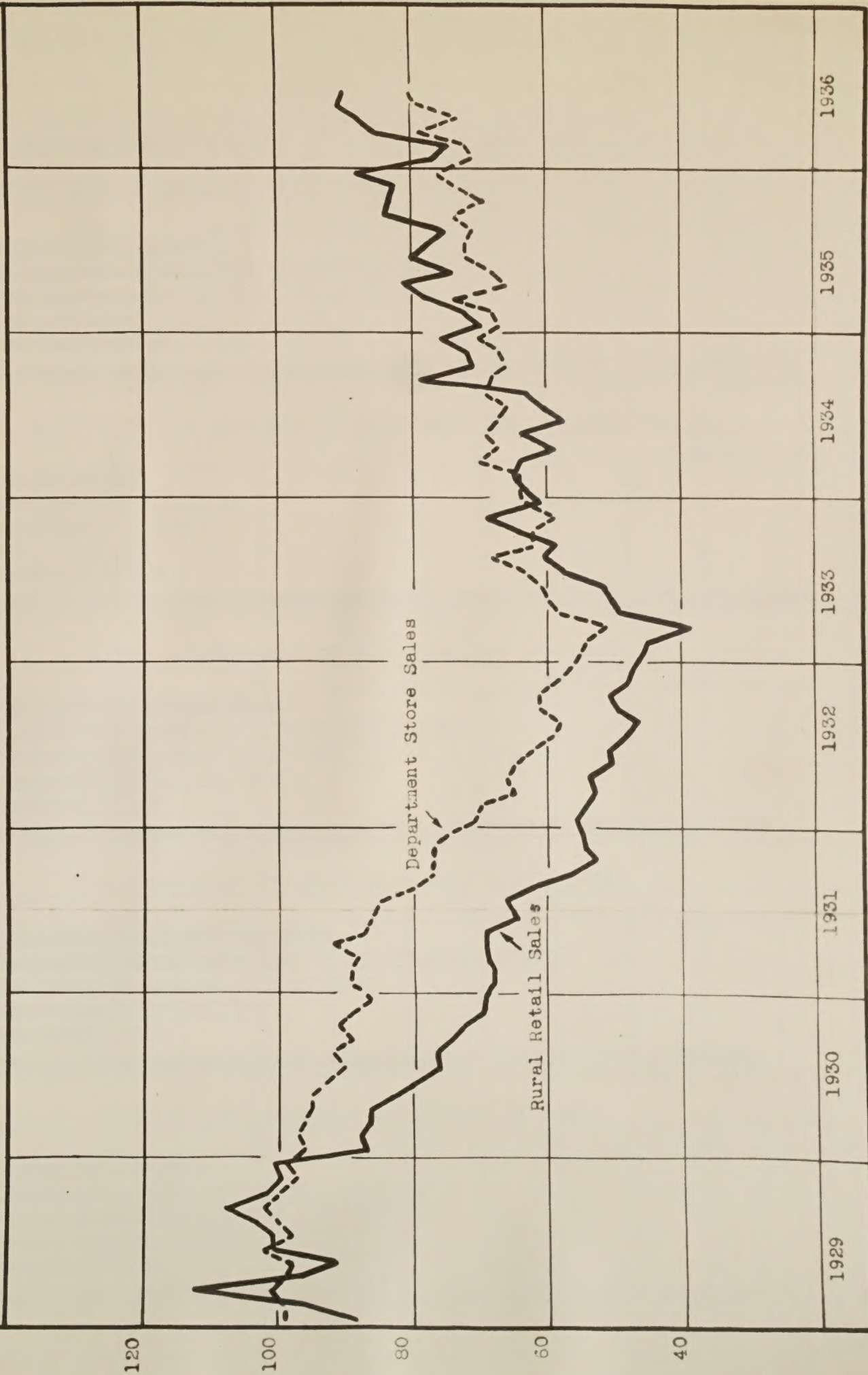
NEG 28770 A.A.A.

VALUE OF BUILDING CONTRACTS AWARDED 3 Months Moving Average

Dodge Data



INDEXES OF RETAIL SALES
Adjusted for Seasonal Variation.
1929 = 100

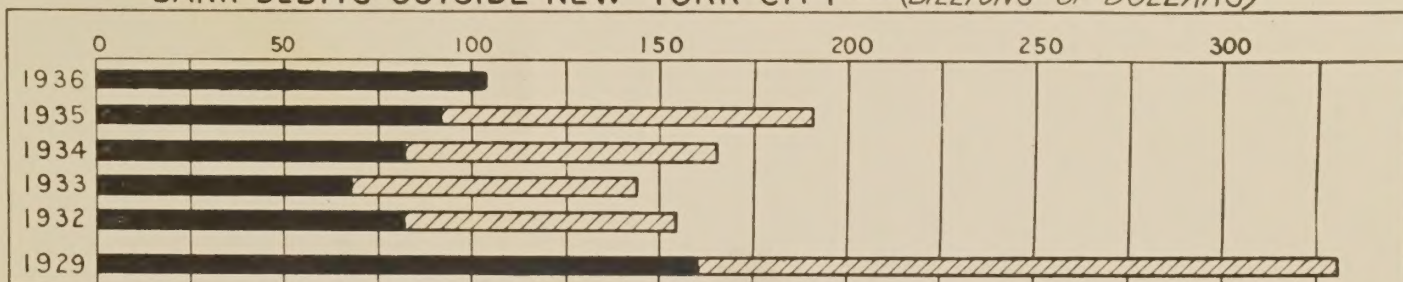


Business Situation Summarized

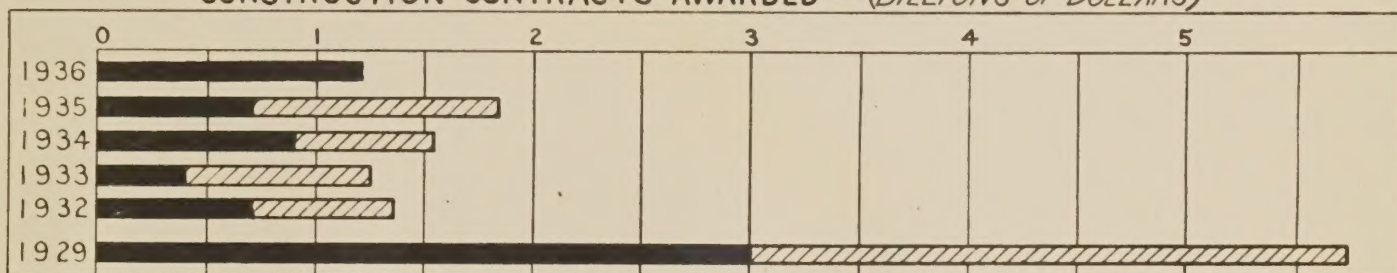
■ FIRST 6 MONTHS

▨ REMAINDER OF YEAR

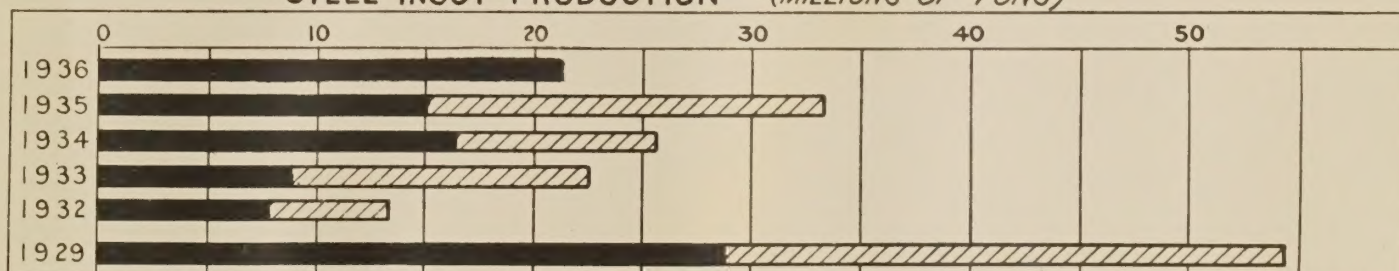
BANK DEBITS OUTSIDE NEW YORK CITY — (BILLIONS OF DOLLARS)



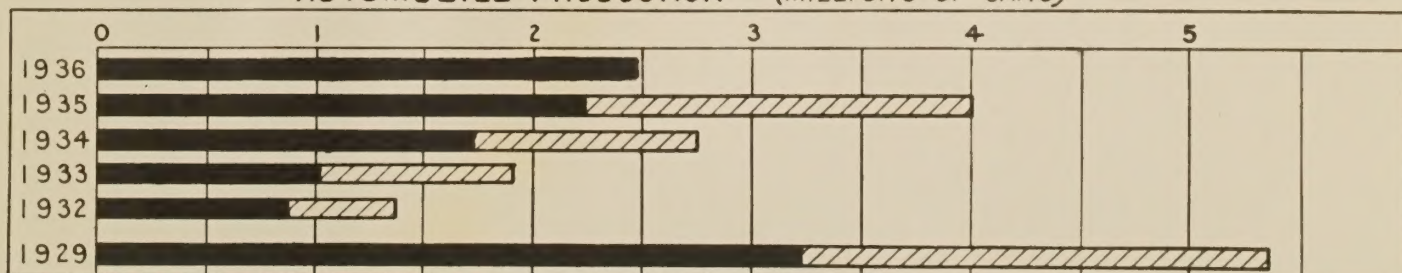
CONSTRUCTION CONTRACTS AWARDED — (BILLIONS OF DOLLARS)



STEEL INGOT PRODUCTION — (MILLIONS OF TONS)



AUTOMOBILE PRODUCTION — (MILLIONS OF CARS)



FREIGHT CAR LOADINGS — (MILLIONS OF CARS)

